

CITY OF SUNNYVALE

ANNUAL REPORT

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This Annual Report is provided as a special supplement to the Fall Quarterly Report. It provides an overview of the City of Sunnyvale's key accomplishments during the last fiscal year. The past year was another very busy and exciting one for the City, as you will see in the following pages. As we look forward, the City will continue to focus on providing high quality and cost-effective services that meet the community's needs. Sunnyvale is also committed to continuous improvement in order to identify and develop methods to enhance services and reduce costs.

Message from the City Manager

This has been a very challenging year for Sunnyvale. As with the rest of Silicon Valley and the State of California, revenues have fallen sharply over the past two years, creating serious budgetary problems. Fiscal problems have been

compounded by sharply rising labor-related costs, such as health care and retirement costs, as well as the uncertainty of state funding for various programs.

Through a great deal of hard work by City staff and the City Council, Sunnyvale increased revenues and implemented reductions to close a \$14.9 million gap in the annual budget, bringing it in line with the financial realities of the region.

Once again, Sunnyvale's renowned management system has paid benefits. By looking forward 20 years in our budgeting process, we have been able to avoid radical, overnight changes. Instead, through the direction of the City Council, we are implementing change at a more reasonable pace.

This has been a landmark year for Sunnyvale in many ways. Our City Council has approved a vision for the future of downtown. With the closing of the Town Center Mall, the path has been cleared for a return to a true downtown. Plans are currently being reviewed that would return the City's historic street grid to the downtown area as individual stores replace the big box that was Town Center Mall.

A new Senior Center has opened, adding one more jewel to the Community Center campus. For our

youth, Sunnyvale now has a new skate park that has been heralded as one of the finest in northern California.

Once again our residents have given the City extremely high marks in the annual Resident Opinion Survey.

Ninety-three percent rated Sunnyvale as a "good" or "excellent" place to live. We are proud that our residents feel so strongly about their home, and we will continue to work hard to ensure Sunnyvale remains a great city.



Public Safety

Police

Sunnyvale continues to rank as one of the safest cities in America with a crime rate 65 percent below the national rate, 67 percent below the California rate and 50 percent below the Santa Clara County crime rate. These results exceed all of our crime rate goals by a significant percentage. Management of resources continues to mitigate regional crime increases and accentuate crime decreases to the fullest extent possible for both the short and long term. Last fiscal year was the lowest crime rate since records since Public Safety began maintaining records in

1975. This year there also were 19 fewer crimes than last fiscal year, according to FBI statistics.

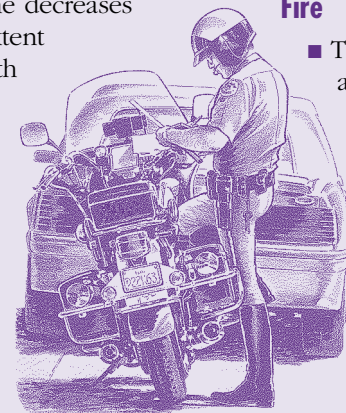
The City's police services received a 90 percent overall satisfaction rating and a 96 percent "perception of safety" rating from the community. The only other service with a higher satisfaction rating was DPS Fire Services.



Fire

The City's fire services received a 92 percent overall satisfaction rating from the community. This was the highest rating received by any City service.

Once again, the City of Sunnyvale sustained



See Public Safety, page 12

Awards and Accolades

The City of Sunnyvale was recognized with a number of awards and honors this past year. Here are just a few examples:



The City of Sunnyvale was ranked as the fifth safest city in the United States and third safest among cities between 100,000 and 500,000 in population, according to Morgan Quitno Press, an independent private research and publishing company.



The City was among five organizations honored on the first-ever list of "The Bay Area's Best Workplaces for Commuters." The list, sponsored by a coalition of Bay Area business, transportation, human resource and environmental organizations, and the U.S. Environmental Protection Agency (EPA), spotlights Bay Area employers committed to improving quality of life for harried

commuters, while also reducing traffic and air pollution.



Sunnyvale received a 2002 California Award for Performance Excellence (CAPE) from the California Council for Excellence, becoming the first city in California to be given the award. The CAPE award recognizes Sunnyvale's innovative organizational effectiveness initiative and on-going efforts to deliver the highest quality services and programs.

See Awards and Accolades, page 12

Department of Community Development

Completed Community Development Strategy to guide investment of Department's scarce manpower and monetary resources over the next five years. Focus is on 15 action areas, each with a unique action strategy; e.g., Lakewood Village (concentrated code enforcement), San Juan (multi-family housing rehabilitation and reconstruction), Downtown (creation of an attractive, inviting and economically vital city center) and Moffett Park (development of class A headquarters office/industrial buildings).



Expanded E-OneStop, through which customers can electronically apply for building permits, schedule inspections, obtain zoning information, and review a property's building permit history. The system won the League of California Cities' prestigious Helen Putnam Award for 2003.

In cooperation with the Department of Public Safety and Office of City Attorney, began aggressive enforcement against illegal massage establishments, resulting in closure of 10 such businesses in Sunnyvale.

Approved construction of 687 new housing units, half of which were for owner-occupancy. This exceeds Sunnyvale's "regional fair share" of 511 units per year, as established by the Association of Bay Area Governments. More than 120 of the new units were priced to be affordable to households of low or moderate income.



City Council endorsed a modified Downtown Design Plan establishing a long-range vision of a "traditional downtown" — a place to shop, work, live and be entertained. The original



plan, prepared by the Downtown Stakeholders Advisory Committee, was modified to reduce its intensity following a year-long public outreach effort which included five community meetings, construction of a 3-D model and a full-color insert in the *Quarterly Report*.

Initiated a pilot concentrated code enforcement program in Lakewood Village, involving 95 single-family homes. As a result of the program, code violations were corrected at 55 properties, nine houses were painted, five new driveways were installed, 12 dumpsters were filled to capacity as part of a special neighborhood cleanup and 10 front yards are being landscaped. A new Neighborhood Enhancement Program has been created based upon the success of the pilot program.



Completed conceptual and final design for the 1.6-acre Downtown Plaza, to be constructed over the new underground parking structure at the southwest corner of Evelyn and Francis Avenues.

Undertook marketing program on the importance of business to the City. Businesses provide 70 percent of the city's tax income, which supports public services.

Assisted Mid-Peninsula Housing in preservation and expansion of the Homestead Park affordable housing complex by providing a \$400,000 loan to help rehabilitate 126 existing units and a \$1.79 million loan to help build 66 new units.

Initiated program to help provide housing for public school teachers, child care workers and City

employees, including homebuyer workshops, security deposit loans for renters and down payment assistance loans for homebuyers.

Initiated proactive enforcement against illegal commercial signs, including animated signs, A-frames and signs on trees and bushes. Enforcement followed an extensive educational program seeking voluntary compliance by businesses.



Provided a \$400,000 loan to assist in the acquisition of a new office/warehouse for Sunnyvale Community Services at 725 Kifer Road.

Completed the Civic Center Redevelopment Feasibility Study, evaluating alternative approaches for meeting the long-range needs of the City Hall/Civic Center complex.

At the request of Mayor Miller, began a program of business visitations by the Mayor, City Manager and Economic Development Officer. Fifteen such visits took place in FY 2002/2003.



Completed conceptual design for a Downtown wayfinding system to provide signage to help visitors find Downtown and, once there, to locate convenient parking.

Supported Emergency Housing Consortium through a \$1.5 million loan which facilitated the acquisition of 24-unit apartment house to serve very low-income households at 183 Acalanes Avenue.

Department of Finance

Fiscal Year 2002/2003 proved to be one of the most challenging years in memory for the City of Sunnyvale in general and the Department of Finance in particular.

As economic and fiscal conditions worsened here and across the State, the City faced a projected \$14-15 million ongoing structural gap between available revenues and needed expenditures. This unprecedented budget crisis demanded a comprehensive and fundamental reexamination of the



services that we provide in order to reduce and reshape City government in Sunnyvale.

This was accomplished through the City Manager's 6-Point Action Plan to reset of the levels of service provided to Sunnyvale residents and businesses, implement increases to fees and charges and, potentially, local taxes, and reduce the size and scope of the City's workforce. This action plan was presented and discussed with the City Council at

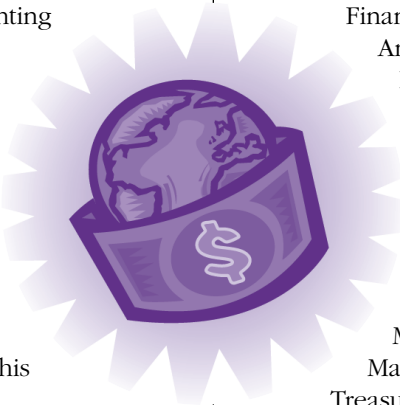
The 6-Point Action Plan specifically addressed the following topics:

- Point 1**
Current Capital Projects Plan
- Point 2**
Rental Rate Schedules and Formulas
- Point 3**
Job Recruitment and Vacancies Review
- Point 4**
In-Lieu Fees and Inter-Fund Transfers
- Point 5**
Tax and Fee Increases
- Point 6**
Reductions to Services, Levels of Service

their Future Fiscal Issues Study Session in January 2003.

Throughout this effort, Finance Department staff spent a significant amount of time analyzing, preparing and presenting various budget proposals and scenarios so that reductions identified in the action plan and approved by the City Council could be incorporated into the FY 2003/2004 budget. This

extra effort came in addition to all of the routine functions and special projects the department's seven divisions undertake each year. These divisions consist of Financial Management and Analysis (including Internal Auditing), Compensation Management, Accounting and Financial Reporting, Utility Business Management, Procurement Management, Budget Management and Treasury/Cash Management.



Office of the City Manager

Sunnyvale's City Manager serves as the City's chief executive officer, and is responsible for day-to-day administration of City affairs and implementation of City Council policies. As the Council's chief adviser, the City Manager prepares a recommended budget for the Council's consideration and recruits, hires, and supervises City staff. The Office of the City Manager consists of four distinct divisions: Administration, Communications, City Clerk and Neighborhood and Community Services. Here are some highlights of the Department's accomplishments this year.

- Worked with all City departments to address a \$14.9 million budget gap, then prepared and presented to Council a plan for closing that gap;
- Coordinated community meetings to discuss the budget situation and solicit feedback;
- Created a Wall of Honor in Council Chambers to honor Sunnyvale employees and residents called to active military duty;
- Held the 2003 Health and Safety Fair, which drew as many as 1,500 people to the Columbia Neighborhood Center;

- Created a Community Resource Guide with information about commonly requested community and social services;
 - Debuted Fun on the Run!, Sunnyvale's mobile youth recreation program;
 - Collaborated with neighborhood associations to develop Sunnyvale Prepared, a community emergency preparedness workshop;
 - Partnered with Camino Medical Group to provide in-classroom nutrition education to all sixth-graders — more than 300 students — at Columbia Middle School; and
 - Implemented a new volunteer database, to help form a complete picture of volunteerism and community service in Sunnyvale.
- If you have any questions about any of the services the Office of the City Manager provides, please call (408) 730-7480 or visit our Web site at www.ci.sunnyvale.ca.us/city-manager.



Sunnyvale Public Library has ...

... Something for everyone

There is something for everyone at the Sunnyvale Public Library, and it seems as if everyone knows it. Nearly 900,000 people entered the library between July 1, 2002, and June 30, 2003. That is just the way we like it — we want every resident to find value here. We know people have individual preferences regarding how and where they receive information. Our services are designed to address as many of these styles as possible, while being faithful to the mission of a public library. From babies who get their first experiences with songs and stories at our lap-sit programs to our 100-year-old users of Special Outreach Services, our customers get services designed just for them.

... Things to borrow

FY 2002/2003 was an exciting year for the Sunnyvale Public Library. Following the trend begun in the previous year, use of the library continued to increase at an astounding rate. In just two years, the number of items checked out from the library increased by 40 percent. When we planned our budget two years ago we expected to check out about 1.5 million items. Instead, library users checked out a record 2 million items.

Thanks to our self-sufficient users, almost 800,000 of these items were borrowed using our self-check machines or were renewed online. Our goal was to have 10 items per Sunnyvale resident checked out this year. This goal was far surpassed when Sunnyvale residents checked out on average more than 15 items.

A wide variety of materials are available for loan from the library. In addition to traditional print books in English, we offer books on tape and CD, feature films and non-features on videocassette and DVD, magazines, music on CD and electronic books. Small collections of reading material are available in 13 different languages. This year 37,000 items were added to the Library's catalog for your enjoyment.

... Programs for fun and enlightenment

Sunnyvale librarians are known for their creativity in providing programs that enrich, delight, instruct and enlighten those who attend. Over the last several years, special emphasis has been placed on programs which introduce residents to the many cultures in our community. This year more than 20,000 library visitors had a chance to:

- learn about stateless nations such as Tibet, Kurdistan and Taiwan;
- beat a chess champ;
- applaud an opera diva;
- sing a nursery rhyme;
- read a Shakespearean play;
- discuss a good book;
- attend a storytelling festival;
- learn the intricacies of patents and trademarks; or
- use the library's electronic resources.

These topics and many more were among those presented at the 577 programs offered by the library.

... Professional assistance

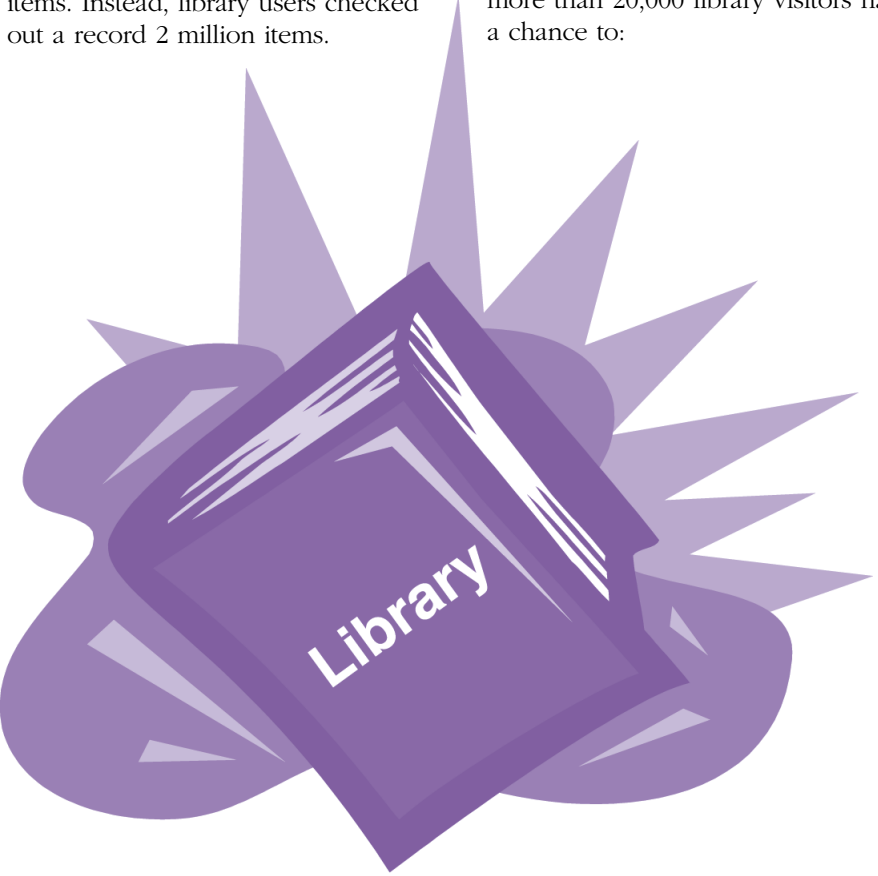
Sunnyvale Public Library has a great team of professional librarians to help with your specific information needs. They assist customers of all ages in finding materials of interest by developing displays, writing booklists on specific topics, providing reference assistance with difficult questions or homework assignments and selecting the wonderful items that are added to our collection each year. Since librarians are typically people who love to read, they can also recommend great books for your enjoyment. They often help guide users to our many electronic resources available through our website and to other Internet-based resources. Library users log well over 100,000 hours of free Internet access each year. Now Sunnyvale Library card holders can access magazine articles and electronic books from their own computers and search many useful subscription databases as well. Users can seek assistance from a librarian in person at the library, by telephone, e-mail or postal mail, and online through www.qandacafe.com. Homework help is also available through this link.

... Keeping in touch with Library Users

Since the library offers such a diversity of services we attempt to keep users well informed. This year we introduced *Between the Lines*, a bi-monthly publication with tips about how to use the library, information on library services and upcoming events and programs. *Between the Lines* is available in print at the library or on the Library's web site www.sunnyvalelibrary.org. Users can also request to have their e-mail address added to a monthly e-mail distribution list of adult and children's programs. Library staff members are also available to speak to community groups and to provide service to those who are unable to visit the library due to physical infirmity.

... A Great deal

The public library is hard to beat when it comes to value. It is hard to think of another place where such a variety of people can find something of interest that suits their needs exactly. It takes a great customer group and a hard working, customer-focused staff to make this happen. Thanks to everyone for making this our most productive year ever.



Human Resources

During the 2002-03 Fiscal Year, the Department of Human Resources worked tirelessly to recruit qualified candidates for City staffing needs, as well as staffing our own small, but growing, department. Before the end of 2002, it was clear we had out grown our space in City Hall, so we packed up and moved to a larger office space across the street.

Dedicated to delivering a high level of service to City of Sunnyvale employees regardless of the extra activity going on within the department, each division worked diligently to keep the work flowing. Recruitment and Selection recruited qualified candidates for City jobs, Pay and Benefits kept up with the ever-changing medical insurance industry — working through one of the

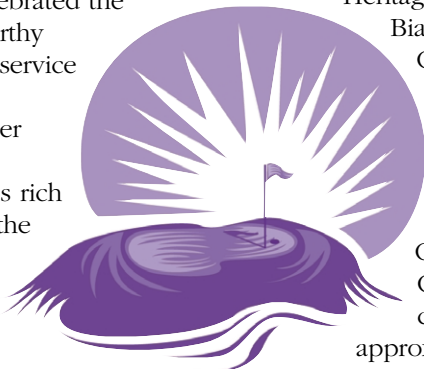
largest open enrollment periods in recent memory, and Risk and Insurance worked diligently to keep control of worker's comp costs while taking good care of our injured employees. By the end of the Fiscal Year, we were fully staffed, settled in our new digs and delivering quality service to City of Sunnyvale employees.

Parks and Recreation

The Department of Parks and Recreation was proud to play a role in bringing a number of positive changes to the community this past year. In addition to the routine care of our established City parks and the delivery of countless recreational programs, we celebrated the following noteworthy improvements in service delivery:

We took another significant step to preserve our City's rich heritage through the development of the Orchard Heritage Park master plan. Staff collaborated with the general community, the Sunnyvale Historical Society and Museum Association, and orchardist Charlie Olson to develop a master plan for Orchard Heritage Park. The City Council approved a site for the development of a future museum in partnership with the Sunnyvale Historical Society and Museum Association, and renewed the City's commitment to maintain the 10-acre orchard adjacent to the Community Center as a working fruit orchard for as long as possible. The master plan also acknowledges the challenges associated with doing that for the long-term, and contemplates possible future alternatives consistent with maintaining Orchard Heritage Park as a living testament to Sunnyvale's agricultural past.

Following Council's approval of that master plan, Clara Bianchi of



San Jose generously donated a redwood barn to the City. Built in 1918, the barn was used extensively by the Bianchi Bros. orchard business. Bianchi also donated \$350,000 to relocate and maintain the barn. Today, visitors to Orchard

Heritage Park can observe the Bianchi Barn in use as Charlie Olson helps farm the City's apricots.

Meanwhile, construction of a new 23,000 square foot, single-story, Senior Center was built on the Community Center campus. At a cost of approximately \$11 million, this state-of-the-art facility represents the first City-owned facility designed specifically to meet the needs of our community's seniors, and boasts a wide array of services, programs and activities.

Speaking of new facilities, this past year represented the first year of operations for the 50-meter Fremont Pool, constructed in partnership with the Fremont Union High School District (FUHSD) and the Friends of Fremont Pool. Located on the campus of Fremont High School, this new pool now hosts a broad range of swimming activities, including high school water polo teams, Sunnyvale Youth Swim Club, masters swimming and lap swimming, public lessons and drop-in use.

The City's partnership with the FUHSD also facilitated the renovation of six tennis courts on the campus of

the Fremont Union High School, all of which are available to the public after normal school hours.

New facilities for our youth also made the headlines this past year. Sunnyvale completed construction of the City's first facility for skateboarders, located at Fair Oaks Park. The facility provides 18,500 square feet of concrete bowls, ramps, stairs and other challenges for novice and accomplished skaters to demonstrate and perfect their skills.

For the even younger crowd, staff began designs for the renovation of the playground at Ortega Park. At Lakewood Park, designs commenced for not only the playground, but for the renovation of a fire pit and the addition of water play features and a mini skateboard park. Staff anticipates that these new facilities will be available to the public this coming fiscal year.

Last, but certainly not least, Mayor Julia Miller and her fellow Councilmembers helped cut the ribbon on the final section of the San Francisco Bay Trail to be constructed by the City of Sunnyvale. The public can now access the Bay Trail via a new "connector trail" linking the Yahoo! campus off north Mathilda Avenue to the main spine of the San Francisco Bay Trail.

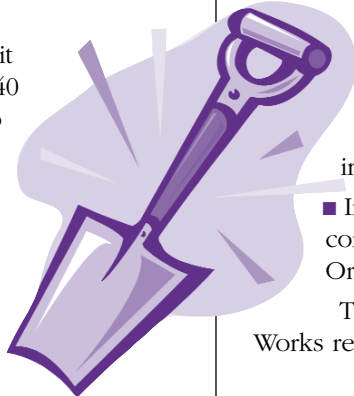
If you have any questions about any of the services Department of Parks and Recreation provides, please call (408) 730-7517 or visit our Web site at www.ci.sunnyvale.ca.us/parks-and-rec.

Public Works

The Department of Public Works constructs, maintains and improves the City infrastructure through the application of timely, cost-effective and quality services to the citizens and businesses in Sunnyvale. Key service areas include traffic and transportation planning, pavement operations, street trees, median landscaping, concrete maintenance, administration, engineering, water supply and distribution, sewer and stormwater collection and treatment, solid waste disposal, and fleet services.

The following is a partial list of significant accomplishments by the Department during FY 2002/03:

- Constructed a new 23,000 square foot senior center
- Constructed the Multimodal Transit Station, adding 340 parking spaces to Downtown
- Constructed an 18,500 square foot skateboard park at Fair Oaks Park



- Converted 25 garbage trucks to run on compressed natural gas
- Secured \$765,000 in grant funding from state and regional sources for numerous transportation projects
- Acquired 1.2 acres of property for expansion of the City Corporation Yard
- Resurfaced major portions of Saratoga-Sunnyvale and Wolfe Roads

- Sold 2,000 kilowatt-hours of surplus electrical power generated from the Water Pollution Control Plant and Landfill, realizing as much as \$17,000 per month in revenue.

- Implemented a new comprehensive Stormwater Ordinance

The Department of Public Works remains actively committed to



maintaining the highest health and safety standards for the community. The Department operates in compliance with all federal, state and regional regulations in areas such as water quality, sewage treatment and solid waste collection.

The Department remains committed to providing prompt and professional customer service. In fact, Public Works recently received an overall satisfaction rating of 95 percent, based on a July 2003 citizen survey.

If you have any questions about any of the services the Department provides, please call (408) 730-7415 to speak with a customer service representative, visit our website at www.ci.sunnyvale.ca.us/public-works or send an email to pubworks@ci.sunnyvale.ca.us.

Information Technology Department

The City's Information Technology Department (ITD) accomplished several key goals this year. The following are some of the highlights.



Boards and Commissions Web Sites

ITD staff established Web sites for seven boards and commissions to enable agendas and minutes to be posted online. Access to agendas and minutes is available through the City's main home page (www.ci.sunnyvale.ca.us), as well as each department's home page, the Boards and Commissions home page and on each Board and Commission home page within the Boards and Commissions Web site.



GIS Strategic Plan

One of the department's most important projects this year was the development of the City's Geographical Information System (GIS) Strategic Plan. The basic GIS infrastructure, which provides mapping data for the

City, has been in place for approximately three years. There had been limited deployment, however, primarily within the Departments of Community Development, Public Safety and Public Works. In FY 2001/2002, ITD recognized a need for a strategic plan for the Citywide deployment of this important technology.

ITD focused its initial evaluation on the Departments of Public Safety, Community Development and Public Works, the primary users of GIS. ITD formed a core project team with representatives from each of the three departments and ITD.

A formal GIS strategic and implementation plan was developed, though the current budget crisis prevents the City from moving forward with the plan at this time. These GIS plans, however, are well constructed and span an implementation horizon of five years. They will serve the City well when we are able to regain momentum on the deployment of GIS technology.

Despite budgetary constraints, ITD was able to make significant progress

in the deployment of GIS using existing resources. The department took the lead in acquiring and implementing a high resolution, aerial photo of the City, which has great value for Planning, Traffic Safety and Public Safety response and investigation. We also evaluated, acquired and installed viewing tools that suit the specific needs of the various user groups.

The County of Santa Clara has undertaken a mass correction of its base map, and the City began discussions with the County regarding the City's potential participation in its base map correction project.

ITD also worked with Public Works Field Services and Engineering staff to develop a strategy for a pilot GPS locator of City infrastructure assets. Working with the field services superintendent, we contracted with a company to digitize the existing water, sewer and storm drainage maps. This project was started in June 2003 and will be completed in September 2003.

Public Safety

continued from page 1

relatively low dollar loss (resulting from fire-related incidents) as a percentage of property value protected. The loss was about 40 percent better (0.009 percent) than the planned loss of 0.015 percent total assessed property valuation.

- The number of fires per 1000 people was extremely low again this year. There were only

1.27 fires per 1000 people, just 41 percent of the expected (planned) number of 3.1 per 1000 people. This is a widely accepted benchmark to assess fire risk, fire prevention and fire department performance for a city.

Administrative & Technical Services

- The Records Unit received an outstanding audit from the

Department of Justice. The Department of Justice rated our Records Division in the top 5 percent of all records divisions in California for accuracy. Our error rate of 5.3 percent was an improvement over last year's 5.9 percent. We continue to do a highly accurate job with entry and maintenance of data and databases. Recent budget-related staffing reductions have increased response times without affecting accuracy.

Recruiting & Hiring

- This fiscal year the department continued with the continuous hiring cycles initiated last year, averaging one cycle every five weeks. Out of five hundred fifty applicants tested this year, 25 new officers were hired.



Awards and Accolades

continued from page 7



Sunnyvale's innovative online building permit system, e-OneStop, was awarded the 2003 Helen Putnam Award for Excellence by the League of California Cities. The Putnam Award recognizes outstanding efforts

and innovative solutions by city governments to improve quality of life in their communities.



The Sunnyvale Golf Course received certification from the Audubon Cooperative Sanctuary

System for designing an environmental plan to protect and maintain local wildlife, habitat and water system. The international program is administered by Audubon International, and is designed to help landowners preserve and enhance the environmental quality of their property.